

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7856

BILL NUMBER: HB 2102

DATE PREPARED: Apr 6, 2001

BILL AMENDED: Apr 5, 2001

SUBJECT: Charter schools.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows a sponsor to issue a charter to an organizer to establish a charter school. It defines a "sponsor" as: (1) the governing body of a school corporation; (2) a state higher education institution; or (3) the mayor of Indianapolis or Ft. Wayne. The bill sets forth the organization, powers, method of establishment, charter contents, policies, oversight, and restrictions for charter schools. It also provides that a decision concerning the establishment of a charter school may not be restrained by a collective bargaining agreement. The bill allows the employees of a charter school to organize and collectively bargain. The bill also requires 100% of the teachers in a charter school to either hold a license to teach in a public school or be in the process of obtaining a license through the Transition to Teaching program. It provides that if a school corporation eliminates a teaching position in a noncharter school because of a charter school, the legal or contractual provisions, if any, otherwise applicable to the teacher whose contract is canceled, continue to apply to that teacher. This bill allows the conversion of an existing public school to a charter school if at least 51% of the teachers and 51% of the parents approve of the conversion. It provides that only the governing body of the school corporation in which a conversion charter school is located may act as sponsor for the school. The bill also establishes the Transition to Teaching program. It makes conforming amendments to related statutes.

Effective Date: (Amended) Upon passage; July 1, 2001; July 1, 2002.

Explanation of State Expenditures: (Revised) In order for the sponsor to grant a charter to an organizer, the organizer must submit to the sponsor a proposal to establish a charter school and include in the proposal plans concerning the method of instruction, curriculum, transportation, and budget. The sponsor would then make copies of the application available to the public, give notice of a public hearing, and hold a public hearing concerning the proposed charter school. A sponsor may not grant a charter to a for-profit organizer.

The sponsor of the charter school must notify the Department of Education of the receipt of a proposal and either acceptance or rejection of a proposal. The Department would compile information on charter school

proposals into an annual report that would be submitted to the General Assembly.

Students who attend charter schools would be counted the same as students of the school corporation who do not attend a charter school. Consequently, the establishment of a charter school and attendance by students in a charter school will not reduce a school corporation's average daily membership (ADM). **Consequently, this bill will not change the overall amount of funding generated by the current school funding formula.**

The amount that each charter school would receive would depend on the number of students who are enrolled multiplied by a proportionate share of federal, state, and local support. The following table shows the average revenue per ADM that school corporations reported receiving from state and local funding sources in 2000. The bottom row shows the average amount that school corporations received on a per ADM basis from the combined sources.

	<u>5th Percentile</u>	<u>Average</u>	<u>95th Percentile</u>
State Support	\$1,751	\$2,871	\$4,931
Levy Support	\$822	\$1,554	\$2,804
Auto Excise Tax	\$107	\$188	\$286
Financial Institutions Tax	\$0	\$10	\$27
Special Education	\$201	\$308	\$452
Vocational Education	\$22	\$69	\$133
At Risk	\$0	\$37	\$107
Growing Enrollment	\$0	\$3	\$0
Academic Honors	\$4	\$13	\$22
Primetime	\$36	\$105	\$209
Transportation	\$8	\$50	\$126
Average Combined Amount per ADM	\$4,765	\$5,202	\$6,156

Organizers of a charter school are required to submit an annual report to the Department of Education each year for informational and research purposes.

The bill appropriates \$50,000 from the General Fund each year for FY 2002 and FY 2003 to administer the Charter School Program.

Explanation of State Revenues: Some monies may be available from Federal sources. Congress has made \$140 M available this year to states for local charter school start-up grants. The start-up grants may increase to \$190 M next year. The maximum grant per school is \$150,000. The specific amount that Indiana would have available is not immediately available. There are about 2,100 charter schools in 36 states that might qualify for the grants.

Explanation of Local Expenditures: If charter schools are established and a significant shift in students to charter schools occurs, the school corporation may need to reduce staff and operations in the non-charter schools to adjust to the fewer students.

Explanation of Local Revenues: This proposal would not affect property tax levies or rates because the

students enrolled in a charter school would still be included in the school corporation's ADM.

Charter schools and programs would be allowed to charge tuition only for pre-school or Latch Key programs (if the charter school or program provides these programs). In terms of local school property tax levies, there would be no fiscal impact.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local School Corporations.

Information Sources: Department of Education Data Bases.